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SUBJECT: BOEING IN JORDAN - STILL IN A MUDDLE, DESPITE THE
KING'S ENGAGEMENT

REF: AMMAN 07528

Classified By: CHARGE D'AFFAIRES DAVID HALE, REASON: 1.4 (B & D)

1. (C) SUMMARY: In a meeting with visiting Boeing officials, King Abdullah reiterated his political commitment to buy Boeing aircraft and his strategic interest in a mixed fleet of Boeing and Airbus aircraft. The possible options include a purchase of four 737s by merging transition start-up costs with those of Iraqi Airways, if Iraq buys Boeing; in a second alternative, Jordan might purchase two to four 717s targeting tourist travelers. A third scenario includes possible purchase of 7E7s in 2007/2008. Financing remains a challenge. Although the details of some of these proposals remain sketchy, the King's visit to the U.S. in early December provides a golden opportunity for top-level advocacy for Boeing. END SUMMARY.

2. (C) On November 1, visiting Boeing officials Tom Pickering, Lee Munson, and John Craig, accompanied by Charge, called on King Abdullah to discuss the latest on possible purchases of Boeings. Royal Court Minister Samir Rifai was also present and Prince Feisal joined the meeting in progress.

3. (C) The King showed he was very absorbed by the ideas offered by Boeing and reiterated both a political commitment to a Boeing purchase and his own strategic interest in a mixed fleet. By the end of the meeting, there were three possibilities on the table for further discussion.

4. (C) Under the first proposal, Royal Jordanian would buy four 737s and share the start-up and transition costs with Iraq Airways, assuming Iraq goes with Boeing. A key element would have Iraq purchasing a flight simulator and putting it in Jordan, so its pilots could be brought to Amman for training, and the Jordanians could train for free. By sharing these costs, Boeing estimated that Jordan's start-up costs could be cut from \$25 million to \$10 million. The King was very interested in this possibility, particularly in trilateral cooperation with Iraq. (Pickering later conveyed to Charge that Allawi confirmed to him an Iraqi intent to purchase Boeing and agreement in principle to include Jordan in the deal. Pickering did not discuss financing issues for a theoretical Iraq deal with Charge.)

5. (C) However, Prince Feisal interjected that the Airbus deal was already done (although admittedly not finally signed). He was loath to back out at the last minute, after all the ups and downs of the negotiations. He reminded Boeing that the King had very much wanted to sign with Boeing, but the inability to close the financing gap--which Pickering confirmed still existed--had made Jordan turn back to Airbus after the deadline set by Boeing for the deal had passed.

6. (C) Although Feisal did not identify a market need for both 737s and Airbus, the King seemed intrigued. If Jordan's overall market share expanded because of growth in the tourist sector, the market could evolve and make a 737 purchase worthwhile. In the end, the King and Feisal agreed they would be happy to look at any proposal for the 737s, but preferably before the Airbus deal was to be signed. Prince Feisal and Royal Court Minister Samir Rifai are to be the follow-up points of contact.

7. (C) Both the King and Prince Feisal emphasized that their immediate interest with Boeing was to purchase two to four 717s, as part of their strategy to promote tourism from areas within the 1500 to 1800 nautical mile range. Russia and Eastern Europe were particular targets.

8. (C) There was a general discussion of a purchase of 7E7s for 2007/2008, but there were no specifics.

9. (C) COMMENT: After the meeting, the Boeing representatives concluded that they saw no immediate need for USG advocacy beyond what has already been done, but they promised to keep the Charge informed. Embassy will continue to follow up with the Jordanians at the ministerial level. The King will be visiting Washington in early December and that will provide the U.S. with another opportunity to promote Boeing. Prior to the visit, we will need to know

from Boeing what exactly it has in mind for us to advocate. In any case, further flexibility on financing on Boeing's part would probably open the door a bit wider on this deal, if indeed the door is actually ajar.

11. (U) Baghdad minimize considered.
HALE